

Releasing the HHS proposed budget for FY 2006

Good afternoon. Thank you all for coming to discuss President Bush's budget for the Department of Health and Human Services for fiscal year 2006. I'm pleased to be joined by our budget director, Kerry Weems. And I want to thank Kerry and his team for their good work in helping to assemble an excellent budget.

Over the past four years, this Department has worked to make America and the world healthier. And I am proud to build on its record of achievements. For the upcoming fiscal year, the President and I share an aggressive agenda for HHS that advances a healthier, stronger America while upholding fiscal responsibility and good stewardship of the people's money.

A few core beliefs guide our budget and our vision for this Department.

We believe we can be a nation of healthier Americans. A nation where health insurance is within the reach of every American.

We believe we can transform our health care system so informed consumers own their own health records, their own health savings, and their own health insurance. Ownership engages consumers, and engaged consumers get better results.

We can be a nation where families embrace the power of prevention and wellness-where fewer people get sick because they take action to stay healthy. A nation where seniors and people with disabilities get long term care where they want it.

We can be a nation where American workers have a comparative advantage in the global economy because they are healthy and productive and because, through the power of technology, our health care system produces fewer mistakes, lower costs, and better health.

The President's health agenda leads us toward that America, and his budget advances this agenda. To support our goals, President Bush proposes record outlays of \$642 billion for HHS. This is an increase of \$58 billion, or more than 10%, over FY '05. If Congress approves the President's budget, we will spend \$216 billion more than we did in 2001, an increase of more than 50%.

The President has proposed a fiscally responsible budget that sets priorities and holds government programs accountable for real results. We do our part at this Department by not funding a number of completed one-time projects and projects without demonstrated results. No question, we have made some tough choices. If we had an unlimited budget, we would spend more on many programs; since we don't, we have focused money on the most urgent priorities that will make the biggest difference in the health and well-being of Americans.

Let me take a few moments to discuss some of the highlights.

Americans enjoy the finest health care in the world. Our challenge is to make the care more affordable and ensure that everyone has access to health insurance. Over the past four years, President Bush has taken important steps to meet this challenge. And this year's budget provides even more opportunities to make quality health care more affordable and accessible.

First, we are building on our aggressive efforts to help those who are uninsured or underinsured by expanding the good work of community health centers. These centers provide quality, compassionate care to the patients who need our help the most, regardless of their ability to pay.

The President's budget requests \$2 billion, a \$304 million increase from FY 05, to fund community and migrant health centers. This request completes his commitment to create 1200 new or expanded sites to serve an additional 6.1 million people by 2006.

In addition, the President has established a new goal of helping every poor county in America that lacks a community health center and can support one. The budget includes \$26 million to fund 40 new health centers in high poverty counties.

Like community health centers, Medicaid represents American compassion in action. This critical program provides health insurance for more than 46 million Americans. But it is not reaching its potential. It is rigidly inflexible and inefficient. And it is not financially sustainable. Over the past ten years, Medicaid spending doubled. And this year, for the first time ever, states spent more on Medicaid than they spent on education.

The President is committed to resolving the growing challenges facing Medicaid. His approach will build upon the success of the SCHIP and waiver programs to allow states the flexibility to construct targeted benefit packages, coordinate with private insurance, and extend coverage to higher income and non-traditional Medicaid populations.

He would also extend SCHIP and Medicaid benefits to cover uninsured individuals and expand benefits to those already on Medicaid. These extensions include Transitional Medical Assistance, Medicaid premium access, a new Cover the Children program, and others. To support all of these programs, we expect to spend \$16 billion over ten years.

There are no programmatic cuts in Medicaid.

Through the state and federal portions over the next ten years, American taxpayers will spend nearly \$5 trillion dollars on Medicaid. Spending will grow by more than 7% per year. If Congress approves the President's budget, we will spend \$193 billion in 2006.

The Department projects that almost 4 million individuals will be covered by SCHIP in FY 2006 at a federal cost of \$5.4 billion. We also propose a massive outreach program to increase SCHIP and Medicaid enrollment.

In addition to expanding access through community health centers, Medicaid, and SCHIP, the budget increases health support of federally recognized tribes by \$72 million, for a total of \$3.8 billion. With these funds, the Indian Health Service will provide high quality health care through 49 hospitals, more than 240 outpatient centers, and more than 300 health stations and Alaska village clinics, helping 1.8 million people.

The President's comprehensive, consumer-driven plan is addressing rising health-care costs and helping more people afford health insurance. Thanks to this plan, workers are already investing money tax-free for medical expenses through Health Savings Accounts. These innovative tools are helping more Americans afford high-quality health care and giving them greater flexibility to accumulate savings and to change jobs when they wish.

These projects and reforms, as well as others at other Departments, cooperate to extend health insurance to millions of people. We estimate that 12 to 14 million additional people will gain health insurance over the next ten years. Together, these programs will cost \$140 billion over the same period.

Healthy people depend on healthy families. And healthy families are sustained by fundamental virtues, including abstinence before marriage, strong marriages, the cognitive development of young children, and loving bonds between children and their fathers. The President's budget supports all four-in fact it increases spending on all four.

The budget requests \$206 million for abstinence education activities - an increase of \$39 million. Funds will help educate adolescents and parents about the health risks of early sexual activity and provide the tools needed to make healthy choices.

We also request \$1 billion over five years to promote healthy marriage through demonstrations, research, and a matching state program.

With the right kind of stimulation and encouragement, early childhood can be a period of rapid cognitive development, and Head Start is designed to help disadvantaged families promote this development. We propose to spend almost \$6.9 billion on Head Start, an increase of \$45 million over last year.

And because all children deserve strong bonds with their fathers, and fathers with good models are more effective, the budget includes \$200 million in mandatory funding over five years to support responsible fatherhood.

Over the past decade, welfare reform has been a dramatic American success story. Since 1996, millions of people have moved from the dependence of a welfare check to the independence of a paycheck. Caseloads have declined from 12.2 million to just 4.7 million individuals, including children. The Administration calls on Congress to reauthorize the TANF program and to incorporate the improvements recommended in the President's budget.

The Compassion Capital Fund helps faith-based and community organizations expand their services to people in need. We propose to invest \$100 million in the fund, an increase of \$45.5 million over 2005.

Half of the funds will go toward the President's new proposal to help youth reject gang influence and involvement. Grantee organizations will target at-risk youth ages 8-17 and provide a positive model—a model that respects women and rejects violence.

Because of shame, trauma, and separation, the children of prisoners are more likely to suffer behavioral, emotional, health, and educational problems. To address this problem, we would spend \$50 million on the Mentoring Children of Prisoners program, to establish about 33,000 new mentoring relationships for children whose parents are in prison or recently released.

Health information technology will transform the practice of medicine. For example, the rapid implementation of secure and interoperable electronic health records would significantly improve the safety, quality, and cost-effectiveness of health care.

To implement this vision, we are requesting \$125 million. \$75 million will go to the Office of the National Coordinator for Health Information Technology.

One of the areas where we've made our greatest achievements and face our greatest challenges is strengthening our ability to detect, respond, treat, and prevent potential disease outbreaks due to bioterrorist acts. Including the 2006 budget request, we have spent or requested nearly \$19.2 billion since September 11, 2001, and that investment is showing tangible results.

We recognize the challenges ahead. That is why we are requesting \$4.3 billion to strengthen our public health preparedness, an increase of almost 1500% over 2001.

This budget will further secure our nation against bioterrorism. It will enable the National Institutes of Health to increase research in developing bioterrorism countermeasures. It will allow the Centers for Disease Control and Prevention to expand the Strategic National Stockpile. It will support the Food and Drug Administration's efforts to defend the nation's food supply.

Let me mention just a few of the highlights:

- HHS has a responsibility to lead public health and medical services during major disasters and emergencies. To support this, we are requesting \$70 million for the Federal Mass Casualty Initiative to improve our medical surge capacity. We are also investing \$1.3 billion to support work at CDC and HRSA to improve state and local public health and hospital preparedness.
- In the event of a major health emergency, including the detonation of a weapon of mass destruction, the Strategic National Stockpile would provide Americans with almost immediate access to an adequate supply of needed medicines. In order to ensure the effectiveness of the Stockpile, we're requesting

\$600 million to buy additional medicines, replace old ones, provide specialized storage, and get any needed medicines and supplies to any location in the United States within 12 hours. \$50 million of this will go to procure portable mass casualty treatment units.

- We're requesting \$1.9 billion for the Food and Drug Administration-an increase of \$81 million over 2005. \$30 million of this request would be directed to improving the agency's national network of food contamination analysis laboratories and to supporting vital research on technologies that could prevent threats to our food supply.

Finally, the main event at HHS this year will be the implementation of the Medicare Prescription Drug Benefit. And the President's budget supports and demands successful and timely implementation. We estimate that Medicare will spend \$394 billion for benefits in 2006 to assist almost 43 million Americans. This funding will not only help us implement the new voluntary drug benefit that begins January 1, 2006, but also the enhanced health plan choices in Medicare Advantage.

The prescription drug benefit program will be financed through beneficiary premiums and general revenue and is projected to cost \$58.9 billion in 2006.

MMA legislation provides new fiscal safeguards to alert Congress if dedicated revenues fall below adequate levels. Specifically, if more than 45% of program costs are funded by general revenues during the current year or next six projected years, we will propose legislation to Congress within fifteen days to address the problem.

Our budget also invests \$75 million for program integrity efforts to combat fraud and abuse in the new Part D and Medicare Advantage programs.

That covers the highlights of the budget. In the front row, we have the heads of all the Operating Divisions of HHS. They and Kerry and I would be delighted to take your questions.

Last revised: February 7, 2005